

Financial Results

Quarter 2 of Fiscal Year 2014

Mailers' Technical Advisory Committee
May 20, 2014

- **Liabilities exceed assets by approximately \$42 billion**
- **The USPS has only 35 cents of assets to cover each dollar of its liabilities**

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 3.7B	Retiree Health Benefits	\$19.6B
Buildings & Equipment, net of depreciation	\$16.9B	Workers' Compensation	\$16.9B
Other Assets	\$ 1.7B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 3.5B
		Deferred Revenue	\$ 4.0B
		Other	\$ 5.4B
Total Assets	\$22.3B	Total Liabilities	\$64.4B

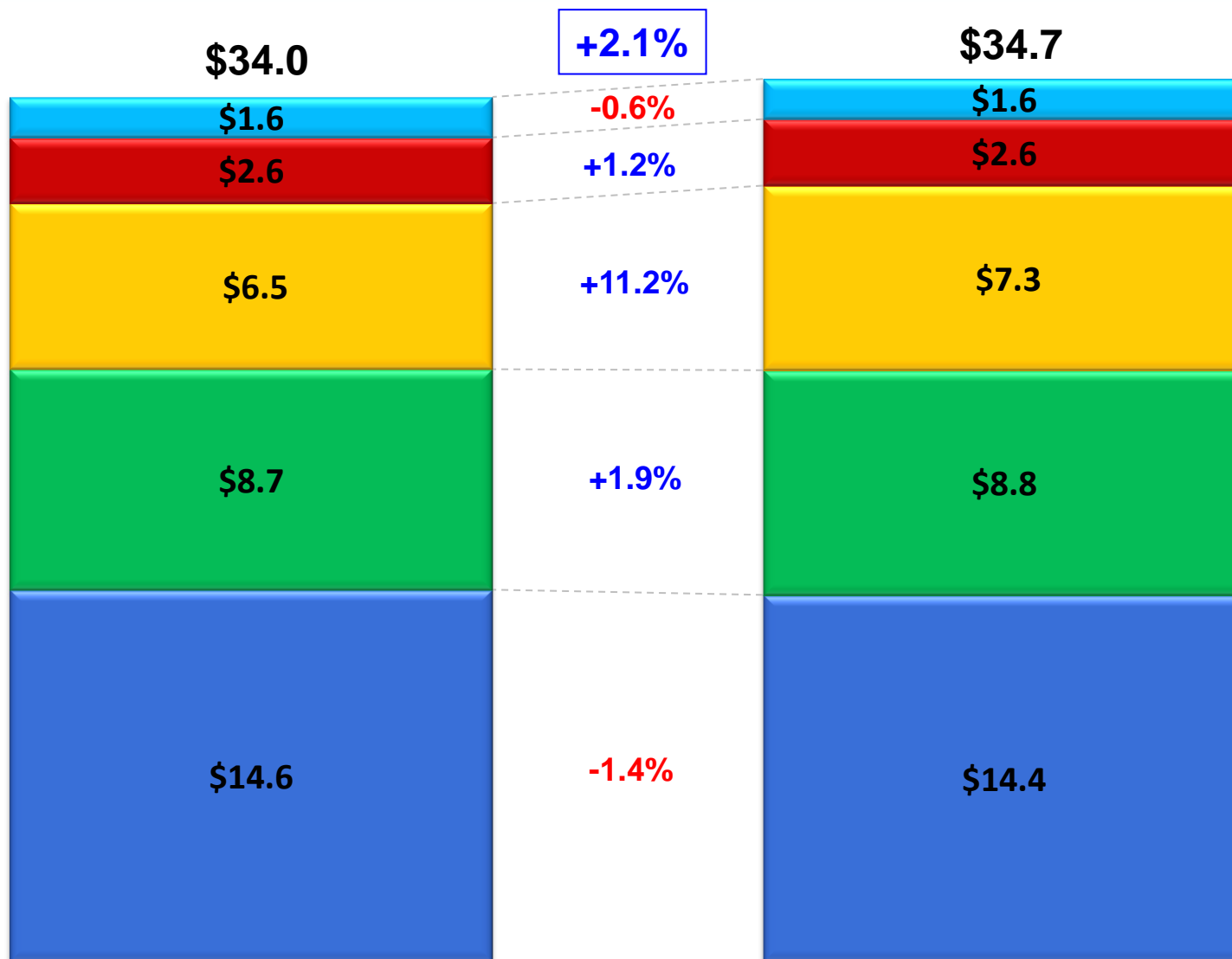
- Under multi-employer accounting rules, there are approximately \$49B in obligations not shown on the balance sheet.
 - Significant profits over years and legislation are needed to recover.

Quarter 2 YTD (6 Months) (Billions)	FY 2014	FY 2013
Revenue	\$34.7	\$34.0
Expenses*	33.7	33.9
Separation Costs	<u>-</u>	<u>0.3</u>
Operating Income (Loss)*	1.0	(0.2)
Retiree Health Benefits Pre-Funding	(2.9)	(2.8)
Workers' Comp. Fair Value Adj.	-	0.5
Workers' Comp. Other Non-Cash Adj.	<u>(0.3)</u>	<u>(0.6)</u>
Net Income (Loss)	<u>(\$2.2)</u>	<u>(\$3.1)</u>
Liquidity Days (of oper. cash)	14	9
Volume (Pieces)	80.1	82.2

*Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

• Retail and Delivery days were equal to FY2013.

\$Billions



FY13 Q2 YTD

FY14 Q2 YTD

■ First-Class Mail
 ■ Standard Mail
 ■ Total Shipping & Package
 ■ Other (Includes Periodicals)
 ■ International Mail

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Quarter 2 YTD (6 Months)
(Billions)**FY**
2014**FY**
2013**Compensation & Benefits****\$25.5****\$25.8****Transportation****3.4****3.5****Depreciation****0.9****1.0****Supplies & Services****1.3****1.1****Rent, Utilities & Other****2.6****2.5****Operating Expenses *****\$33.7****\$33.9****Workhours (millions)****559****561**

* Excludes RHB pre-funding, non-cash adjustments to workers' compensation liabilities, and separation incentive costs.

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